

Message Text

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PAGE 01 STATE 201649
ORIGIN NEA-10

INFO OCT-01 ISO-00 H-01 EB-08 COME-00 TRSE-00 L-03
/023 R

DRAFTED BY NEA/EGY:K E HONAN:MM
APPROVED BY NEA/EGY:D E ZWEIFEL
H - B ATWOOD (INFO)
-----037286 241851Z /53
R 241706Z AUG 77
FM SECSTATE WASHDC
TO AMEMBASSY CAIRO

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FROM NEA/EGY

E.O. 11652: N/A

TAGS: BDIS, ETRD, EG, US

SUBJECT: PETROLEUM: LVOI CASE

1. WASHINGTON REP OF NATIONAL COUNCIL OF FARMER'S COOPERATIVES HAS INFORMED US THAT LVOI HAS NO INCOME FROM OIL PROPERTIES TO OFFSET LOSS SUFFERED BY COMPANY IN EGYPTIAN OPERATION. COMPANY CURRENTLY IS OPERATING IN GHANA, BUT WITHOUT SUCCESS THUS FAR. COMPANY THEREFORE STANDS TO SUFFER DOLS 750,000 LOSS IN ADDITION TO THE LOSS THEY HAVE ALREADY SUFFERED FROM DRILLING OPERATIONS.

2. REP ALSO SUPPLIED US WITH THE NAMES OF THREE FIRMS WHICH HAVE SUFFERED SIMILAR LOSSES RECENTLY (INFORMATION WAS NOT OBTAINED DIRECTLY FROM COMPANIES CONCERNED). ALL THREE APPARENTLY HAVE WRITTEN OFF THEIR LOSSES, BUT ARE ALL LARGER COMPANIES BETTER ABLE TO ACCEPT THIS TYPE OF
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LOSS.

A. SEISMOGRAPHIC SERVICES CORPORATION--WHICH PERFORMED SEISMOGRAPHIC WORK FOR LVOI WAS NOT ALLOWED TO EXPORT ITS EQUIPMENT WITHOUT PAYING TAX THOUGH THIS WAS NOT IN CONTRACT.

B. NICHOLAS DRILLING COMPANY--WAS NOT ALLOWED TO REMOVE

DRILLING RIG FROM EGYPT WITHOUT TAX PAYMENT TO GOVERNMENT.
RIG HAS BEEN LEFT IN EGYPT.

C. AMOCO IS REPORTEDLY TRYING TO EXPORT 7 MILLION DOLLARS
OF SURPLUS EQUIPMENT FROM EGYPT WITHOUT SUCCESS.

WHILE THESE THREE CASES SUGGEST THAT THIS IS STANDARD
OPERATING PROCEDURE IN EGYPT MAKING SUCCESSFUL RESOLUTION
OF THIS CASE DIFFICULT, WE BELIEVE THAT THE CIRCUMSTANCES
WARRANT STRONG EMBASSY INTERVENTION WITH EGPC ON BEHALF
OF LVOI. IF, AS MAY BE LIKELY EGPC REMAINS ADAMANT, WOULD
APPRECIATE YOUR VIEWS ON MAKING REPRESENTATION WITH
MINISTER OF PETROLEUM OR EVEN HIGHER. WE HAVE WELL OVER
30 SENATORS AND CONGRESSMEN INTERESTED IN THIS CASE AND
ARE CONCERNED THAT THIS CASE NOT INJURE EGYPTIAN INTERESTS
IN CONGRESS.

4. LVOI OFFICERS WILLING TO TRAVEL TO CAIRO FOR MEETINGS
WITH GOE OFFICIALS IF YOU BELIEVE THIS IS WORTHWHILE. CHRISTOPHER

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NNN

Message Attributes

Automatic Decaptioning: X
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Control Number: n/a
Copy: SINGLE
Sent Date: 24-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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